

## Message Text

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ACTION NEA-12

INFO OCT-01 ISO-00 AF-10 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 DRC-01 /151 W

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R 261700Z APR 74

FM AMCONSUL CASABLANCA

TO SECSTATE WASHDC 2739

AMEMBASSY RABAT

AMCONSUL TANGIER

C O N F I D E N T I A L CASABLANCA 342

E.O. 11652: GDS

TAGS: ENRG, MO

SUBJECT: NATIONALIZATION OF FOREIGN OIL COMPANIES

REF: CASABLANCA 328 AND 329

1. SUMMARY: MOBIL FRANCE LEGAL COUNSEL WILLIAM DUNN (ACCOMPANIED BY MOBIL MAROC EXEC ALAOU) MET DURING PAST WEEK WITH DIVISION DE L'ENERGIE DIRECTOR LAKHSSASSI AND PM'S ECON OFFICE DEPUTY CHIEF BELGHITI IN TWO SEPARATE AND VERY DIFFERENT SESSIONS. LAKHASSASSI WAS HARD LINE, DOCTRINAIRE, AND OFFERED LITTLE HOPE OF NEGOTIATED COMPROMISE, DEPICTING GOM POSITION ON MOROCCANIZATION OF OIL COMPANIES AS ALREADY FIXED. BELGHITI, BY CONTRAST, ASSURED MOBIL EXECS THAT EVERYTHING IS OPEN TO NEGOTIATION, GOM WANTS TO REACH AMICABLE AND EQUITABLE COMPROMISE, NO FIXED DECISIONS YET TAKEN ON CONTROVERSIAL ISSUES BEYOND POSITION REFLECTED IN DAHIR.

2. LAKHSSASSI TOLD DUNN THAT GOM BUY IN WOULD BE EFFECTED BY GOM ASSUMPTION OF "WINDFALL" ASSET CREATED BY REVALUATION OF SECURITY STOCKS. IMPLIED THAT NO INCREASE OF PROFIT

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MARGINS IN PROSPECT TO REFLECT HIGHER CAPITALIZATION BECAUSE

SNPP WOULD RATIONALIZE AND IMPROVE EFFICIENCY OF INDUSTRY  
THUS IMPROVING EARNINGS THROUGH ECONOMIES. HE ARGUED COMPANIES  
NOT COMPETITIVE, CONTRIBUTE NO HIGH TECHNOLOGY, AND ARE  
NOT NEEDED BY GOM TO RUN INDUSTRY. THUS, TO PERMIT THEM TO  
CONTINUE AS 50 PERCENT PARTICIPANTS IS CONCESSION BY GOM.  
ACCORDING TO LAKHSSASSI, DETAILED NEGOTIATIONS WILL COMMENCE  
IN FEW WEEKS WITH GOM TEAM OF HIMSELF AS CHAIRMAN PLUS REPS  
OF FINANCE MINISTRY AND PM'S ECONOMIC OFFICE. DUNN CHARACTER-  
IZED LAKHSSASSI POSITION AS SAYING GOM DECISIONS TAKEN AND  
NEGOTIATION WILL SIMPLY BE OFFERING COMPANIES OPPOR-  
TUNITY TO TAKE IT OR LEAVE IT.

3. DUNN'S SPIRITS MUCH IMPROVED BY SHARPLY CONTRASTING SESSION  
NEXT DAY WITH BELGHITI. BELGHITI DENIED THAT REVALUATION  
ISSUE SETTLED, SUGGESTED GOM MIGHT EITHER BUY HALF OF EXISTING  
ASSETS OR PROVIDE NEW CAPITAL FOR EXPANSION. HE SAID  
REPATRIATION OF CAPITAL PROCEEDS WOULD "NOT BE A PROBLEM,"  
THOUGH INDICATING GOM WOULD HOPE FOR REINVESTMENT HERE AS  
AT LEAST PARTIAL USE OF CAPITAL. EVERYTHING, HE SAID,  
IS NEGOTIABLE, AND IMPORTANT THING IS TO SETTLE IN SPIRIT  
OF COMPROMISE AND COOPERATION. IN CONTRADICTION TO LAKHSSASSI,  
HE SAID NO NEGOTIATION UNTIL COMPANIES HAVE SUBMITTED AND  
GOM HAS STUDIED DOCUMENTATION ON BUSINESS (INCLUDING BALANCE  
SHEETS FOR PAST THREE YEARS) AND THAT EVENTUAL NEGOTIATORS  
FOR GOM WILL BE HEADED BY YET UNNAMED HEAD OF SNPP PLUS  
BELGHITI AND OTHERS. HOWEVER HE QUESTIONED REALITY OF COM-  
PETITION AMONG COMPANIES, DEPRECATED THEIR TECHNOLOGICAL  
CONTRIBUTION AND SAID "EVERYONE KNEW" MARKETING BUSINESS  
WAS HIGHLY PROFITABLE. HE ARGUED NEED FOR GOM PARTICIPATION  
IN INDUSTRY ON SECURITY GROUNDS PLUS VAGUE ALLUSION TO SUB-  
ORDINATING COMPANY POLICY TO "SOCIAL PURPOSES." WHILE SAYING  
MOROCCANIZATION OF MANAGEMENT IMPORTANT HE ASSURED DUNN  
THAT PRESENT HIGH MOROCCAN EXECS WILL BE RETAINED AND USED  
AND ASSERTED RECONSTITUTED BOARDS OF COMPANIES WILL NOT  
TRY TO TAKE OVER OPERATIONAL MANAGEMENT.

4. DUNN FELT BELGHITI SHOWED FAIRLY REASONABLE AND  
COMPROMISING ATTITUDE AND IF HIS VIEWS IN FACT REFLECT GOM  
POLICY THAT NEGOTIATING OUTLOOK NOT TOO BAD. HOWEVER,  
SEEMED CLEAR THAT DIVERGENCE BETWEEN LAKHSSASSI AND BELGHITI  
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MUST REFLECT DISARRAY AND DISAGREEMENT WITHIN GOM AND THAT  
QUESTION NOW IS WHICH POLICY WILL PREVAIL. HE THOUGHT  
MOBIL WOULD WAIT FOR MINISTERIAL RESHUFFLE (ANNOUNCED AFTER  
DUNN LEFT) TO REASSESS SITUATION AND, ON BASIS OF BELGHITI  
REMARKS, WOULD NOT EXPECT NEGOTIATIONS TO BEGIN FOR ANOTHER  
MONTH OR SO.  
BRUBECK

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## Message Attributes

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